



JENNIFER KENT  
DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

September 23, 2019

Mr. Richard C. Allen, Director  
Western Regional Operations Group  
Centers for Medicare & Medicaid Services  
San Francisco Regional Office  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6707

STATE PLAN AMENDMENT 19-0045: MEDI-CAL REIMBURSEMENT FOR  
INDIVIDUAL AND GROUP HEALTH PLAN COVERAGE

Dear Mr. Allen:

The Department of Health Care Services (Department) submits this State Plan Amendment (SPA) to address updates to our administration of the Health Insurance Premium Payment (HIPP) program. This SPA clarifies existing coverage requirements for participation in the program and details when the Department will reimburse medical premiums for family members that are ineligible for Medicaid or the HIPP program. This SPA also provides that Medicaid members with the option to enroll in a Managed Care Organization (MCO) plan cannot participate in the program and that applicants must first apply for Medicare benefits before the HIPP program will consider their application. Lastly, this SPA enacts timeframes for the completion of redetermination reviews of program eligibility. The proposed effective date of this SPA is January 1, 2020.

A public notice was not published since this SPA does not impact Medi-Cal benefits. In addition, a tribal notice is not required because it does not impact benefits or standards for setting payment rates for Indian Health Programs and Urban Indian Organizations. CMS approved DHCS' request for no-notice on September 19, 2019.

If you have any questions or concerns regarding the proposed provisions, please contact Margaret Hoffeditz, Chief, Third Party Liability and Recovery Division, at (916) 650-0582 or via email at [Margaret.Hoffeditz@dhcs.ca.gov](mailto:Margaret.Hoffeditz@dhcs.ca.gov).

Sincerely,

Mari Cantwell  
Chief Deputy Director  
Health Care Programs  
State Medicaid Director

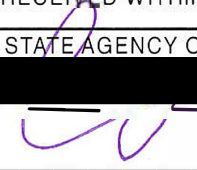
Mr. Richard C. Allen  
Page 2  
September 23, 2019

Enclosures

cc: Erika Sperbeck  
Chief Deputy Director  
Policy and Program Support  
Department of Health Care Services  
[Erika.Sperbeck@dhcs.ca.gov](mailto:Erika.Sperbeck@dhcs.ca.gov)

Margaret Hoffeditz, Chief  
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<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER <div style="text-align: center;">1 9 — 0 0 45</div>	2. STATE California
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: Title XIX of the Social Security Act (Medicaid)	
5. TYPE OF PLAN MATERIAL (Check One)  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		4. PROPOSED EFFECTIVE DATE January 1, 2020	
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION 42 U.S.C. Section 1396e		7. FEDERAL BUDGET IMPACT a. FFY 19-20 \$ (210,875) b. FFY 20-21 \$ (210,347)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.22-C pages 1-3		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.22-C pages 1-2	
10. SUBJECT OF AMENDMENT Medi-Cal reimbursement of individual and group health plan coverage			
11. GOVERNOR'S REVIEW (Check One)  <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL 		16. RETURN TO Department of Health Care Services Attn: Director's Office P.O. Box 997413, MS 0000 Sacramento, CA 95899-7413	
13. TYPED NAME Mari Cantwell		14. TITLE State Medicaid Director	
15. DATE SUBMITTED September 23, 2019		17. DATE RECEIVED	
<b>FOR REGIONAL OFFICE USE ONLY</b>			
18. DATE APPROVED		19. EFFECTIVE DATE OF APPROVED MATERIAL	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
20. SIGNATURE OF REGIONAL OFFICIAL		21. TYPED NAME	
22. TITLE		23. REMARKS For Box 11 "Other, As Specified," Please note: The Governor's Office does not wish to review the State Plan Amendment.	

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**State: California

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**Medi-Cal Reimbursement for Individual and Group Health Plan Coverage**

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The Department of Health Care Services (DHCS or Department) submits this SPA to address updates to our administration of the Health Insurance Premium Payment (HIPP) program. The HIPP program is a voluntary program available to full-scope Medi-Cal members, and authorized under Title 42 of the United States Code (U.S.C.), Section 1396e. Medi-Cal members who qualify to participate in the HIPP program are eligible to receive reimbursement for the cost of the Medi-Cal member's other health coverage premium and cost-sharing obligations. The purpose of the HIPP program is to provide newly enrolled Medi-Cal members with the option to maintain their other health coverage for a limited time as they transition onto Medi-Cal coverage. The HIPP program does not affect a Medi-Cal member's eligibility or access to services under Medi-Cal. HIPP members who are disenrolled from the HIPP program and remain enrolled in Medi-Cal will be eligible to receive medical care through the Medi-Cal delivery system.

The effective date for this SPA is January 1, 2020.

**Eligibility for HIPP**

Medi-Cal members may participate in the HIPP program if they meet all of the following criteria:

1. The Medi-Cal member has an existing policy.
  - a. An "existing policy" is another health insurance policy that a Medi-Cal member is covered under when they first become enrolled in Medi-Cal, and is continuously maintained, including policies under which a Medi-Cal member is a dependent.
  - b. "Other health insurance" or "other health coverage" means comprehensive third party health coverage provided by a private employer, COBRA continuation coverage, or an individual health care marketplace.
2. The Medi-Cal member has a medical condition covered under the Medi-Cal member's existing policy.
3. The Medi-Cal member has full scope Medi-Cal coverage.
4. The Medi-Cal member has applied for Medicare benefits.
5. The Medi-Cal member's other health coverage is cost-effective to Medi-Cal because

TN No. 19-0045

Supersedes

TN No. 14-027

Approval Date:

Effective Date: 01/01/2020

the sum of the Medi-Cal member's individual or group other health insurance medical premium, cost-sharing obligations, and administrative cost is projected to be less than the anticipated amount that Medi-Cal would pay for the Medi-Cal member's medical services.

a. "Premium" means:

- i. If a HIPP member is the only person covered under his or her other health coverage, the monthly amount to insure the policyholder, or
- ii. If a HIPP member is insured under a policy that covers additional people, the cost reasonably attributed to the HIPP member's portion of the monthly amount, except in cases where a HIPP member cannot enroll in a group health plan without the concurrent enrollment of family members ineligible for Medi-Cal.

b. "Cost-sharing obligations" means the sum of the HIPP member's in-network costs for deductible(s), co-payment(s), and co-insurance for medical care billed by other health coverage to the policyholder.

c. "Administrative cost" means the cost for the Department to administer the HIPP program on behalf of a HIPP member. This cost is calculated as 125% of the maximum Staff Services Analyst (SSA) Range C pay, divided by the number of current HIPP members. This calculation is made on the first day of every state fiscal year and is applicable until the following fiscal year.

Medi-Cal members shall not participate in the HIPP program if any of the following apply:

1. The Medi-Cal member is enrolled in Medicare.
2. The Medi-Cal member is enrolled in a Medi-Cal managed care plan, or has the option to enroll in a Medi-Cal managed care plan.
3. The Medi-Cal member does not have full-scope Medi-Cal coverage.
4. A court has ordered a non-custodial parent to provide medical insurance to the Medi-Cal member.
5. The Medi-Cal member, or a policyholder under which the Medi-Cal member is insured as a dependent, is fully reimbursed for their premiums and/or cost-sharing obligations by a third party.

The HIPP program will not reimburse Medi-Cal members for any month they have not met their monthly Medi-Cal share of cost or spend-down obligation.

#### **Reimbursement for Family Members Ineligible for Medi-Cal or the HIPP Program**

The Department shall reimburse the medical premiums for family members ineligible for Medi-Cal, or family members eligible for Medi-Cal but ineligible for HIPP, if:

1. A HIPP member is enrolled in a group health plan which requires the concurrent enrollment of family members ineligible for Medi-Cal, or family members eligible for Medi-Cal but ineligible for HIPP; and
2. The cost of the entire family premium, in addition to the HIPP member's cost sharing obligations and administrative cost, is projected to be less than the anticipated amount that Medi-Cal would pay for the Medi-Cal member's medical services; and
3. The family policy cannot be reasonably apportioned between the individual family members.

DHCS shall not reimburse cost-sharing obligations for non-HIPP members.

### **Redetermination Reviews**

HIPP members are subject to an annual redetermination of their program eligibility. The Department may, at its discretion, complete a redetermination review of program eligibility for a HIPP member when any of the following occurs:

1. A change in the HIPP member's Medi-Cal eligibility;
2. A change in medical services covered by the HIPP member's other health insurance; or
3. A change in medical premium rates and/or cost-sharing obligations for the HIPP member's other health insurance.

### **Disenrollment from the HIPP Program**

The Department may disenroll a HIPP member from the HIPP program if any of the following occurs:

1. The HIPP member does not submit documents requested by the Department to complete a redetermination of their program eligibility within 90 days after the Department issues an initial notice of redetermination.
2. The Department, at any time, determines that the HIPP member no longer meets the criteria to continue participation in the HIPP program.